

Useful information and service level options



Setting up the tenancy

It is essential to have a comprehensive Tenancy Agreement and detailed Inventory/Schedule of Condition prior to each tenancy. We will arrange this on your behalf when required.

The Tenancy Agreement

Eastbourne Lettings use an approved Tenancy Agreement which has been carefully designed to protect the landlords' rights to possession, help control the tenants' activities and comply with standard mortgage lender requirements. Tenancy Agreements are usually for an initial term of six months, however, shorter or longer-term tenancies can be negotiated depending on individual landlord's circumstances.

The Housing Act specifies different types of tenancy and whilst there are several types, it is almost certain that the tenancy of your property will either be an Assured Shorthold Tenancy or a Contractual Tenancy.

Inventory/Schedule of Condition

It is essential to have an Inventory/Schedule of Condition prior to each tenancy.

At the end of the tenancy the property is inspected against the Inventory and any damages or deterioration to its condition is noted. The tenant is responsible for the cost of rectifying any damage, over and above what is considered to be fair wear and tear, caused by them at the property.

Legislation is now weighed heavily in the tenants' favour. It is therefore necessary to provide properly prepared and accurate Inventories/Schedules of Condition to protect the landlords' interests.

The Tenancy Deposit Scheme

As part of the Housing Act 2004 the Government has introduced tenancy deposit protection for all Assured Shorthold Tenancies (AST) in England and Wales where a deposit is taken. All deposits paid under the AST now have to be registered with a government approved scheme.

We are members of the Tenancy Deposit Scheme operated by the Dispute Service, which provides an independent and impartial method of resolving any differences between the landlord and the tenant. At the end of the tenancy the landlord and tenant should attempt to agree the basis for the repayment of the deposit. If there is a dispute the Dispute Service provides for the case to be dealt with by an independent case examiner. The examiner is an impartial qualified expert who will make a decision and this helps avoid the need for potentially protracted litigation.

Mortgage lender requirements

If you have taken a mortgage on the property you are letting you need to obtain the consent of the mortgage lender.

It is very unusual for them to refuse permission, but most will charge a small administration fee for giving consent. In turn, they may require information on the type of Tenancy Agreement you intend to use along with the length of the tenancy and they will require certain notices to be served on the tenant. They will also probably require reassurance that a professional agent is being instructed.



Rental payment and deposit

When the tenant signs the agreement we will take the initial rental payment and security deposit. The level of deposit varies, but it is generally the equivalent of four weeks rent.

We always ensure that the funds are cleared before the tenant is allowed to move in. At the same time we ask the tenant to provide written evidence from their bank that a standing order has been activated.

The deposit will then be held in an approved and protected account.

Council tax and utility bills

In addition to the rent, tenants are responsible for paying water charges, council tax, gas, electricity and telephone bills.

Landlord's obligations

These are clearly determined in Section 11 of the Landlord and Tenant Act 1985. The landlord will be responsible for maintaining the structure and exterior of the property, heating and plumbing installation as well as dealing with routine repairs. If the property is leasehold, the landlord will be responsible for paying the service charge and ground rent.

Tenant's obligations

The tenant has a duty to take proper care of the rental property and keep to the terms of the Tenancy Agreement. If the tenants cause damage to the property, they are responsible for the reasonable cost of repair providing it is not deemed fair wear and tear.

Building and contents insurance

Landlords should ensure that they have adequate buildings and contents insurance cover in place, including all fixtures, fittings and white goods (including plumbing and heating installations). Tenants are responsible for insuring their own contents and personal belongings. We will make every effort, but cannot guarantee, to ensure that a tenant takes out personal contents insurance.

Please note that a standard homeowner insurance policy will not suffice once the tenant is in residence, as you are no longer the owner occupier. It is also important to check on the cover periods when the property is empty. We recommend you check your policy thoroughly.

Leasehold properties

If the property is leasehold the lease will specify whether or not it is necessary to obtain permission to sub-let from the Freeholder. It is essential to clarify the situation before marketing your property as some leases place restrictions on the type of subletting that will be approved.

Essential information for landlords

Safety regulations

The following information is intended only as a guide for landlords and does not constitute a detailed and complete interpretation of the relevant regulations.

However, a failure to comply with the following safety regulations may constitute a criminal offence and could lead to a fine or imprisonment. Landlords have always had a duty of care under common-law to ensure that any rental property is kept in a safe condition and this obligation can even have an impact on whether or not you are able to serve notice on the tenant.

Housing Health and Safety Rating System (HHSRS)

The HHSRS was introduced under the 2004 Housing Act. It is a risk-based evaluation tool designed to identify potential hazards to health and safety from any deficiencies identified in the dwellings. Common breaches of this legislation include a lack of extractor fans in bathrooms and kitchens, and trip hazards such as uneven patio slabs and loosely fitted carpets and staircases without handrails.

Fire and furnishing regulations

The safety regulations covering furniture items are covered by the Furniture and Furnishings (Fire Safety) Regulations Act 1993, which make it a criminal offence to let a property with upholstered items that do not comply.

The regulations cover a comprehensive range of items, from beds and mattresses, to sofas and cushions, as well as other soft furnishings. All prescribed items must carry a label showing fire resistance. Any item without a label must be removed from your property before letting.

Electricity

Landlords have a legal duty to ensure all electrical appliances, both fixed and portable, are safe. At this stage having an Electrical Equipment Safety Certificate (EESC), or a Portable Appliance Test (PAT), is not currently a legal requirement. That said, if a tenant suffers injury or is put at risk because of faulty electrical goods or wiring, the landlord would be held liable. To avoid this we recommend that all landlords obtain EESCs and PATs to cover electrical equipment.

Gas safety regulations

Under the Gas Safety (Installation and Use) Regulations 1998 you are responsible for ensuring all gas appliances are checked and certified every year by a Gas Safe registered engineer. Certificates must be kept and a copy provided to the tenant within 14 days.

Given the importance of this regulation we like to receive a copy of the certificate at least 48 hours before the agreed occupancy date. Failure to comply with this request may necessitate us instructing an inspection to be carried out at your own cost.

Smoke detectors and carbon monoxide alarms

New regulations established in 2015 require landlords to have at least one smoke alarm installed on each floor of a property. Furthermore, a carbon monoxide alarm must be fitted in any room containing solid fuel burning appliances. Landlords must ensure that the alarms are in working order at the start of each tenancy.



Energy Performance Certificates (EPC)

From 2008 all rental properties with a new tenancy in England and Wales are required to have an EPC. The EPC rates the energy efficiency of the property and its environmental impact. The EPC survey must be completed prior to marketing the property and a tenant is required to receive a copy of the report before entering into a Tenancy Agreement, along with a copy of the government produced 'How to Rent' leaflet.

Proof of this issue is essential. New regulations from April 2018 mean that all rental properties require an EPC rating of E or above.

Right to Rent Regulations 2016

Right to Rent in the UK (Part of the Immigration Act 2015). From February 2016 it has been a requirement that checks are made on occupiers over the age of 18 before any tenancy commences. These checks can be undertaken by either the landlord or the landlord's agent and require validation of approved documents by the Home Office. Checks have to be made face-to-face with documents verified, copied and retained. Landlords or agents have an obligation to confirm that all tenants have a right to reside in the UK by inspecting their current passport/visa.

Legionella Risk Assessment

Landlords have a responsibility to undertake a risk assessment on any property they rent out and then have it reviewed on a regular basis. The Health and Safety executive recognise that whilst there is a duty to assess the risk from exposure to Legionella this does not always require a full in-depth, detailed assessment but it is recommended that you have an assessment carried out at your property. In addition to this, it is advised that at the start of each new tenancy, tenants are advised on what actions they can take to minimise the risk of contracting Legionnaires' disease.

Deregulation Act 2015

In 2015, the Section 21 Notice to Quit document became a prescribed form and there are new rules which apply when serving notice. It should be noted that Section 21 is now only valid for six months and cannot be served before the first four months of the tenancy expiration. During a periodic tenancy, it is sufficient to serve two full months notice, removing the need to serve in line with renewal dates. The new Act requires the tenant to notify their landlord in writing of repairs that are required to the property and, if appropriate, follow this up by contacting the Local Housing Authority (LHA). If the LHA serves certain types of enforcement notices on the landlord, then the Section 21 notice is invalidated. You will require the services of a solicitor to serve the Section 21 notice.

Details on regulations are correct at time of printing.

Taxation of rental income

While an income from property letting is always welcome, there are some tax implications that you need to be aware of.

We explain how you can offset costs and expenses associated with the general running and maintenance of the property you rent out. Here's a quick guide to your tax liability as a landlord.

UK resident landlords

If you are a landlord who lives in the UK, any profit you make from renting your property will be subject to Income Tax. When we collect the rent on your behalf, we don't deduct any tax from the rent we pay you, so you will need to inform the Inland Revenue of this income yourself.

The normal method of reporting your taxable assets to the Inland Revenue is a Self-Assessment Tax Return Form. We strongly advise that you take independent advice from a tax specialist.

There are a number of expenses that can be offset against rental income and we would therefore recommend that you contact an accountant to find out more.

Non-UK resident landlords

The Non-Resident Landlord (NRL) Scheme is for taxing the UK rental income of persons whose usual place of abode is outside of the UK. If you are treated as a non-resident landlord you still have to pay income tax on rental income from your UK property.

Unless a landlord can provide Eastbourne Lettings with approval from HMRC we are obliged to deduct basic rate tax from the rent received and to account to the Inland Revenue on a quarterly basis. Each landlord named on the Tenancy Agreement when living overseas requires a separate approval. Eastbourne Lettings are registered with the Non-Resident Landlord Scheme and are fully conversant with the requirements of the scheme.

For both UK and non-resident landlords Eastbourne Lettings are obliged to inform HMRC of the gross rental income received.

How to reduce your tax liability

The Inland Revenue views landlords in the same way as businesses, which means that any costs associated with running and maintaining the property that you incur may be offset against the rental income. This can substantially reduce or even eliminate your tax liability.

Examples of typical costs and expenses that can be included are:

- Rent, ground rent, rates and water rates

- Professional fees: letting agents, accountants, legal fees, etc.
- Any costs of providing services included in the rent, for example, gardening
- Costs of property repairs and maintenance
- For furnished properties- a 'wear and tear' allowance of 10% of the annual rental income
- Buildings and contents insurance

Make sure you keep all receipts and invoices. If you make a loss on the rental property, you can carry this loss forward and offset against profits from the property in future years. For more information on tax please go to www.hmrc.gov.uk.

Commitment to excellence

Eastbourne Lettings are an Association of Residential Lettings Agents licensed company. "ARLA licensed members have provided detailed documentation of business which allows them to be fully regulated, which in turn offers more protection to the consumer. They also hold a professional qualification or have passed our demanding competency test and adhere to our stringent Codes of Practice (ARLA)."

By using a licensed ARLA agent you are guaranteed:

- That the agency is covered by our Client Money Protection (CMP) Scheme. ARLA have the ability to make discretionary grants if you suffer financial loss due to the bankruptcy or dishonesty of the member or their firm;
- That the Agency has Professional Indemnity Insurance. This ensures you're financially covered for successful claims relating to members' negligence, bad advice or mishandling of data;
- To be consulting with a qualified and trained agent who can give you professional up-to-date advice and guidance. All our members are required to carry out Continuous Professional Development (CPD) each year;
- That you are dealing with an agent who voluntarily follows the Code of Practice and Rules of Conduct laid down by their professional body. If an agent does not follow the code, they can be fined or, in worst cases, expelled from membership of ARLA;
- That you have a route to redress should something go wrong. It is a mandatory requirement that all our members belong to an independent redress scheme, the choice being either Ombudsman Services or the Property Ombudsman Service. This gives you, the consumer, an added level of protection. The property Ombudsman Service can award payments of up to £25,000.

Eastbourne Lettings strongly believe in the codes of practice enforced by these organisations.



Service level options

We provide the following three levels of service, full details are provided within our Terms of Business.

Tenant introduction fee - two weeks rent plus VAT

This service includes the following:-

- Production and distribution of promotional materials to include photographs and floor plan
- Organising, where appropriate, an initial Energy Performance Certificate (EPC), Gas Safety Certificate and any other legal certification
- Provision of a To Let board
- Promotion of your property on the property portal Rightmove as well as www.eastbournelettings.com
- Accompanied viewing service
- Completion of comprehensive credit and income checks on prospective tenants for which we employ a third-party specialist
- Collection of appropriate deposit which is lodged with a government approved custodial money protection scheme
- Registration of the deposit with TDS in accordance with current legislation
- Collection of the first month's rent. We arrange for subsequent payments to be paid direct to you
- Production of an appropriate Tenancy Agreement and associated documentation
- Arrangement of an Inventory and Schedule of Condition (signed by the tenant) for you to use as the basis of comparison when the tenant vacates

Letting and rent collection - 9% plus VAT

Our letting and rent collection service includes the benefits of a tenant introduction service. In addition, Eastbourne Lettings will;

- Arrange for the collection of rent in accordance with the terms of the Tenancy Agreement
- Prepare and submit a regular Statement of Account to the landlord and/or the landlord's accountant
- Transfer the net money to the landlord
- At the end of the tenancy, arrange for the Inventory to be checked by the inventory clerk and for a schedule of dilapidations (if any) to be prepared. A copy of this is normally sent to both the landlord and the tenant for subsequent approval before the tenant's deposit can be returned
- As instructed by you, pay ground rent, service charges, insurance premiums and any other outgoings from the rental income as and when it is received
- Working with your solicitor in the unlikely event that eviction proceedings are necessary or that rent arrears have to be pursued through the court system
- Be able to arrange Rent Guarantee and Legal Expenses Insurance to protect you against the eventuality

Full management service - 10% plus VAT

In addition to the letting and rent collection service as detailed above this service includes:-

- Arranging meter readings with utility providers and advising of the transfer of service contracts to the new tenant at the start of each tenancy
- Quarterly visit to the property to ensure the tenant is taking care of the property and providing you, where appropriate, with a written report about issues arising from the visit
- Arranging a Landlord Gas Safety Inspection to be carried out annually during the tenancy and for a Certificate to be provided
- Co-ordinating repairs or maintenance including arranging for contractors to attend the property to undertake estimates when necessary and settling accounts from rents received
- Monitoring and, should you and the tenant wish, arrange tenancy renewal for further fixed terms
- Arranging an inventory checkout at the end of the tenancy and dealing with matters relating to wear and tear before arranging for the release of the tenant security deposit

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